

WEBER SCHOOL DISTRICT

**Financial Statements
Using the GASB 34 Model**

Year Ended June 30, 2005

WEBER SCHOOL DISTRICT
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WEBER SCHOOL DISTRICT
5320 Adams Avenue Parkway
Ogden, Utah 84405

December 27, 2005

To President DeGroot, Members of the Board of Education, and
Citizens of the Weber School District:

At the close of each fiscal year, school districts are required by state law to publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP). In addition, these statements are to be audited by licensed certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Pursuant to that requirement, we hereby issue the Basic Financial Statements of the Weber School District for the fiscal year ended June 30, 2005.

Designed to meet the needs of a broad spectrum of readers of financial statements, its basic financial statements are divided into three major sections:

- Introductory section – Introduces the reader to the report and includes this transmittal letter.
- Financial section – Consists of the independent auditor's report, management's discussion and analysis, the basic financial statements, and combining and individual fund statements and schedules.
- Statistical section and notes – Contains substantial selected financial information, but presents tables that differ from financial statements in that they present non-accounting data.

Internal controls. This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To ensure the validity of this report, management of the District has established a comprehensive internal control framework that is designed both to protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Independent audits. Schmitt, Griffiths, Smith & Co., P.C. a firm of licensed certified public accountants, has audited the District's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2005 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the District's financial statements for the fiscal year ended June 30, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

The independent audit of the financial statements of the District was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the District's separately issued Single Audit Report.

Management's discussion and analysis. GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in connection with it. The District's MD&A can be found immediately following the report of the independent auditors.

District profile. The District is a legally separate entity enjoying all rights and privileges accorded political subdivisions in the State of Utah. The District is fiscally independent. Policymaking and legislative authority are vested in the Board of Education consisting of seven members. The Board of Education is responsible, among other things, for developing policy, adopting budgets, levying taxes, incurring bonded debt, supervising committees, and hiring both the superintendent and business administrator. The superintendent and business administrator are responsible for carrying out the policies of the Board of Education and oversee the day-to-day operations of the District. The Board of Education is elected on a non-partisan basis. Board members serve four-year staggered terms with no more than four board members elected every two years.

The major purpose of the District is to provide public education for those who reside within the boundaries of the District located in Weber County, Utah. To accomplish this purpose, as of fall 2005, the District services four traditional high schools, nine junior high schools, and twenty nine elementary schools. The District also offers various special purpose programs. One of these special programs includes an alternative high school.

The District serves approximately 28,527 students.

Budgetary control. The District adopts an annual budget for its funds. This budget acts as the financial operating plan for the entire year. Revisions may be implemented during the year authorizing a larger appropriation of available resources through a public hearing and approval from the Board.

All annual appropriations lapse at fiscal year end with the exception of those indicated as a fund balance reserve. During May of each year, the District Superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August or September when data is available to set rates.

The level by which expenditures may not exceed appropriations has been interpreted by the State Superintendent of Public Instruction to be the total budgeted expenditures of a given fund.

The District's fiscal 2005 balances and projected revenue are sufficient to meet the fiscal 2006 budget as presented to the public in June of 2005.

Economic condition and outlook. The economic outlook of the District is dependent on state aid. The State of Utah has been able to conclude each fiscal year since fiscal 1988 with a general fund surplus. The

general fund surplus for 2005 was \$24.8 million, and a uniform school fund surplus of \$80.1 million. Utah's economy improved significantly in 2004 and continues to improve in 2005. The *Deseret News* reports:

The latest revenue report from the Utah State Tax Commission that shows collections are expected to come in \$40.9 million above budget – and that just for July and August of 2005. The new budget year began July. Those numbers are an indication of a “very robust” economy, Tax Commission chief economist Doug Macdonald said. “The sales tax is up 11 percent, and the income tax is up 8 percent.” There has been opposing political reaction to the latest robust revenue projections. In 2006, all 75 House members and half of the Senate are up for re-election and are in the mood to cut taxes to appeal to voters. However, Governor Jon Huntsman Jr. said he still won't support tax cuts, unless it is part of a tax reform effort.

The Governor's Office of Planning and Budget reports that Utah's economy is expected to continue to improve in the near term. The state's industrial structure continues to be well-balanced and diversified, with a broad base of businesses and a solid technology and transportation infrastructure. Combined with continued population growth and a young highly educated workforce, the state is positioned well for positive long-term growth.

The state increased the value of the weighted pupil unit (WPU) by 1.49 percent for 2005 from \$2,150 to \$2,182. District taxable property values in tax year 2004 increased by only 1.02%. However, preliminary taxable property values for tax year 2005 provided by the state tax commission indicated a 5.9% increase. This increase is primarily attributable to new growth.

Student growth and facilities. The Governor's Office of Planning and Budget estimates that 145,000 more students will be enrolled in Utah schools over the next ten years than are currently enrolled. This growth is expected to impact Weber School District. A one percent growth is expected to continue for the next five years in the district. This means that approximately 300 students will be added to the enrollment every year.

Student growth brings additional state aid. However, student growth also adds fixed operational costs to the District. Accordingly, the District has made effective use of boundary changes and portable classroom units to manage the shifting student enrollments. In addition, in the last four years two elementary schools and one junior high school have been constructed. Targeted remodeling projects have also provided more space for students and instruction.

As the District continues to grow, various financing options for new and replacement facilities are being considered. This includes consideration of a future bond, voted leeway election, pay-as-you-go-method, or the possible use of a building authority. The District anticipates a minimum of \$50 million to finance new facilities for growth over the next five years. Current projections indicate most of the growth in the north and west areas of the District.

Audit committee. The District's independent auditor uses the District's audit committee to communicate certain matters to upper management and the Board. The audit committee includes three members of the Board, the District superintendent, and the business administrator. The three members of the Board report audit findings and other financial considerations to the Board. The Board is responsible for the oversight of the financial reporting process.

Cash management and investments. The District maintains a cash and investment pool that is available for use by all funds. This pool has deposits, repurchase agreements, and other investments with varying maturity dates. Over the last four years interest rates plummeted as did investment income. Mid-way through FY 2005 interest rates started to make a slow climb; as a result, investment income increased. Earnings on investments for fiscal 2005 totaled over \$900,000. This is a 35% increase from FY 2004.

The State of Utah Money Management Act with the State Money Management Council governs the District's investment policies and provides a measure of depository protection. The Council issues a list of qualified depositories to public treasurer's each calendar quarter and monitors the maximum amount of public funds each depository is eligible to hold in accordance with the law and the rules of the Council. State law and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, the public treasurers are notified immediately.


The District considers the actions of the Utah Money Management Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

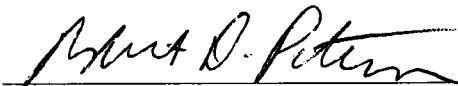
Risk management. The District is self-insured for workers' compensation. Unemployment compensation is handled on a cost of benefits reimbursement basis with the State of Utah. The District participates in the Utah State Risk Management system for property and liability insurance. This is a pooled arrangement where the participating entities pay annual premiums, which are designed to pay claims and build sufficient reserves so that the system will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base.

Post employment benefits. Certain employees are eligible to receive post employment healthcare benefits. The District finances these benefits primarily as healthcare premiums are paid. The District is in the process of studying the future impact of this benefit and is exploring options for funding in advance or designating fund balances to provide for this obligation.

Finally, a new comprehensive financial software package was implemented two year ago and this is the first year that payroll was processed using the system. The efficient and dedicated staff of the business and payroll departments helped accomplished the preparation of this report. We would like to express appreciation to all members of the department who assisted in the preparation of this report. Special appreciation is expressed to Gary Warwood, Assistant Business Administrator, who did most of the work in preparation of this report. Staff Accountants Max Green and Sherie Charlesworth and Purchasing Agent Merlene Wixon also made significant contributions. We would also like to thank the members of the Board of Education for their interest and support in conducting the financial affairs of the District in a responsible and progressive manner.

Respectfully submitted,


Michael G. Jacobsen, Ph.D.
Superintendent of Schools


Robert D. Petersen, Ph.D.
Business Administrator

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Board of Education Weber School District

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Weber School District as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Weber School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Weber School District as of June 30, 2005, and the respective changes in financial position, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 28, 2005 on our consideration of Weber School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



The management's discussion and analysis and budgetary comparison information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Weber School District basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Schmitt, Higginth, Smith, Co., P.C.

Ogden, Utah
December 28, 2005

Management's Discussion and Analysis

This section of Weber School District's Basic Financial Statements presents management's discussion and analysis of the District's financial performance during the year ending June 30, 2005. Please read it in conjunction with the transmittal letter and the District's financial statements, which follow this section.

Financial Highlights

- Changes in fund balance were positive for all funds except for the capital projects fund where significant building projects were completed.
- During the year, the combined fund balance decreased by \$1.56 million.
- District enrollment growth from October 1, 2003 to October 1, 2004 was 331 or 1.17%.
- On September 1, 2004, the Board held a truth-in-taxation hearing. An increase in the certified rate coupled with a modest escalation in taxable property values, resulted in increased tax collections.
- A significant portion of the tax increase was used to help fund a new reading program initiated and funded in part by the State.
- In May of 2000, voters approved \$40 million in General Obligation bonds for the construction of three new schools and various other projects. The last of these schools and major projects were completed earlier this year. Final bond proceeds were used to fund the construction of a new elementary in West Haven which opened in August, and the addition of classrooms and other instructional space at Bates elementary school.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and agency funds.

- **Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of

spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general maintenance and operation fund, the debt service fund, and the capital projects fund, each of which are considered to be major funds. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

- **Agency fund.** The District uses an agency fund to account for resources held for student activities and groups.

Notes to the financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$46 million at the close of the most recent fiscal year.

- The largest portion of the District's net assets (68.72%) reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment net of accumulated depreciation); less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net assets (17.98%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of unrestricted net assets (13.3%) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the 2005 fiscal year, the District is able to report positive balances in all three categories of net assets. The same is true for the prior fiscal year.

The District's net assets decreased by \$1.02 million during the current year; the following discussion and analysis on governmental activities examines this decrease:

WEBER SCHOOL DISTRICT

Net Assets

Governmental Activities

	2005	% of Total	2004	Total change from prior year
Current and other assets	\$ 77,945,016	44.26%	\$ 78,428,143	\$ (483,127)
Capital Assets	98,176,262	55.74%	101,696,791	(3,520,529)
Total assets	176,121,278	100.00%	180,124,934	(4,003,656)
Current and other liabilities	65,059,888	50.02%	64,320,569	739,319
Long-term liabilities outstanding	65,017,438	49.98%	68,743,272	(3,725,834)
Total liabilities	130,077,326	100.00%	133,063,841	(2,986,515)
Net assets:				
Invested in capital assets, net of related debt	31,642,177	68.72%	31,053,967	588,210
Restricted	8,279,739	17.98%	10,901,154	(2,621,415)
Unrestricted	6,122,036	13.30%	5,105,972	1,016,064
Total net assets	\$ 46,043,952	100.00%	\$ 47,061,093	\$(1,017,141)
Net assets -- beginning	\$ 47,061,093			
Change in net assets	\$(1,017,141)			

Governmental activities. Increases in federal, state and local revenue, were offset by even greater increases in overall expenses; this contributed to the decrease of the District's net assets for the year ended June 30, 2005.

- The significant percentage increase in revenues was from federal aid. Accessing new grants and increases in federal appropriations contributed to this increase.
- Significant increases in state aid occurred. The reasons for this are fourfold. First, student growth was greater than 1%. Second, the value of the WPU increased by 1.49%, (\$2,182 during 2005 as compared to \$2,150 in 2004). Third, significant increases occurred in state categorical programs such as Special Education, Career and Technical Education (CTE). Fourth, new and onetime programs were granted by the State; these included a new reading initiative and a 1% bonus for all employees.
- Capital outlay expenditures decreased \$5.7 million over the prior year.

FINANCIAL ANALYSIS OF DISTRICT FUNDS

	Governmental Funds		Total Change
	2005	2004	
Revenues:			
Property taxes	\$ 35,197,325	\$ 34,031,365	\$ 1,165,960
Earnings on investments	909,641	672,451	237,190
Other local sources	9,899,923	9,178,841	721,082
State aid	106,045,709	99,173,764	6,871,945
Federal aid	13,414,138	11,110,620	2,303,518
Other financing sources	494,066	(538,139)	1,032,205
Total revenues	165,960,802	153,628,902	12,331,900
Expenses:			
Instructional services	97,243,503	92,641,853	4,601,650
Supporting services			
Students	4,691,394	4,540,905	150,489
Instructional staff	2,475,417	2,008,828	466,589
District administration	4,008,485	3,582,129	426,356
School administration	9,244,841	8,907,582	337,259
Business	1,288,402	1,138,766	149,636
Operation and maintenance of facilities	13,662,331	13,115,196	547,135
Transportation	4,918,553	4,493,050	425,503
Central/other	1,763,998	1,608,468	155,530
School lunch services	9,274,303	8,698,754	575,549
Capital outlay	11,973,592	17,726,958	(5,753,366)
Debt service	6,980,330	6,943,356	36,974
Total expenses	167,525,149	165,405,845	2,119,304
Net Change in fund balance	(1,564,347)	(11,776,943)	10,212,596
Fund Balances — beginning	20,452,981	32,229,924	(11,776,943)
Fund Balances — ending	\$ 18,888,634	\$ 20,452,981	\$ (1,564,347)

- Increases in expenses resulted from overall increase in staff. Increases in staff occurred primarily among licensed employee groups. The reason for this is the addition of a reading specialist in each of the District's 29 elementary schools. This new reading program was funded through state revenue and a local tax increase authorized by the state legislature. The reading program along with the additional reading specialists resulted in improved reading scores and progress toward the school board's reading goals.
- Funding student transportation continues to be a challenge. State policy requires that all elementary students (grades K-6) living more than 1.5 miles from their assigned school be eligible for transportation. In addition, secondary students (grades 7-12) are eligible for school transportation if they live more than two miles from their assigned school. Despite these state mandates, state funding is inadequate to accomplish the required transportation. As a result, over \$600,000 of District funding is required for transportation. The District has implemented aggressive cost cutting measures in transportation.

- Cost of utilities has had a significant impact on the District. Double-digit percentage increases in the cost of natural gas (primary heating fuel) and electricity occurred during the year. Anticipating these cost increases, the District implemented a very aggressive energy savings program in all schools and locations.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$18.88 million; \$1.56 million lower than the previous year (see chart below). Included in this year's change in the combined fund balance are unspent general obligation bond proceeds and revenues that are restricted for capital projects.

**Fund Balance Summary
Governmental Funds**

	General	Debt Service	Capital Projects	Other Govt. Funds	Total Funds
Revenues	\$ 139,068,074	\$ 7,093,585	\$ 9,568,515	\$ 10,230,628	\$ 165,960,802
Expenses	138,380,847	6,980,330	11,973,592	10,190,380	167,525,151
Net change in fund balance	687,227	113,255	(2,405,077)	40,248	(1,564,349)
Fund balances - beginning	7,426,528	340,556	12,218,288	467,609	20,452,981
Fund balances - ending	\$ 8,113,755	\$ 453,811	\$ 9,813,211	\$ 507,857	\$ 18,888,634

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into reserved and unreserved portions. Reservations indicate the portion of the District's fund balances that are not available for appropriation. The unreserved fund balance is, in turn, subdivided between designated and undesignated portions. Designations reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of debt service, capital projects, and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion. The designated portion of the fund balance of the general fund is primarily designated for the following purposes:

- *Designation for undistributed reserve.* As allowed by state law (limited to 5% of general fund expenditures), the District has established an undistributed reserve within the general fund. This amount is set aside for contingencies or possible reductions in state funding and is not to be used in the negotiation or settlement of contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's excellent bond rating of A1 given by Moody's Investor Service.
- *Post-employment healthcare benefit obligation.* The District also provides healthcare coverage for eligible retired employees. The obligation for post-employment healthcare benefits has not been determined. The District is in the process of studying the future impact of this benefit and is exploring options for funding in advance or designating general fund balances to provide for this obligation.

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were made to reflect changes in programs and related funding. Actual expenditures were less than final budgeted revenue amounts.

Enrollment Highlights

State and federal funding is highly dependent on enrollment. Since state and federal sources comprise the majority of total revenue, projecting enrollment growth and trends is a critical part of the budget process. Prior to this year, District enrollment growth has been slow. However recent enrollment growth has exceeded 1%. This growth is expected to continue for the foreseeable future. Growth has been especially strong in the elementary grades (grades k-6). Over the next few years, these large numbers of elementary students will be entering secondary grades; when this occurs, over all district growth will approach two percent.

WEBER SCHOOL DISTRICT ENROLLMENT HISTORY

	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05
Elementary	14,428	14,469	14,612	14,615	14,771	15,022
Junior high	6,617	6,519	6,517	6,604	6,676	6,707
High school	6,587	6,698	6,670	6,591	6,457	6,436
Sub-Total	27,632	27,686	27,799	27,810	27,904	28,166
Special schools	502	328	302	505	292	361
Total enrollment	28,134	28,014	28,101	28,315	28,196	28,527

Capital Asset and Debt Administration

Capital Assets. The capital projects fund is used to account for costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District. The District completed various projects during 2005. Construction on a new elementary school in West Haven began in the spring of 2003 and was completed in August of 2004. Also, additional classrooms were added to Bates Elementary to ease overcrowding.

In its efforts to provide property for future construction, the Board's Land Acquisition Committee is constantly looking for new properties. During 2005, \$465,650 of new land was purchased. In addition \$1,180,147 of property was sold (\$1,043,777 was revenue from the sale of a warehouse). Revenue from the sale of property was designated by the District in the land acquisition fund. The land acquisition fund is a part of the designated portion of the capital projects fund.

Debt Administration. In May 2000, by a considerable margin, the public voted to authorize the District to issue \$40.0 million of general obligation school building bonds for new school construction, land acquisitions, and renovation of existing school facilities and related equipment and improvements. Early in fiscal year 2005, all available funds from this voter authorization were spent. If the District wants to build new schools or embark on any major capital projects, obtaining voter approval for these funds will be needed.

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2005 is \$347.6 million. General obligation debt at June 30, 2005 is \$64.7 million, resulting in a legal debt margin of \$282.9 million.

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2023.

Requests for Information

This financial report is designed to provide a general overview of the Weber School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Weber School District, 5320 Adams Avenue Parkway, Ogden, UT 84405.

WEBER SCHOOL DISTRICT
Statement of Net Assets
June 30, 2005

	Governmental Activities	Component Unit
Assets:		
Cash and investments	\$ 43,198,054	\$ 1,276,417
Receivables:		
Property taxes	28,740,188	-
Other governments	3,789,838	-
Other, net of allowance for bad debt - \$14,000	223,862	-
Prepays	63,319	-
Inventories	1,038,390	-
Bond issuance costs, net	236,486	-
Other assets	654,879	6,000
Capital assets:		
Land, and construction-in-progress	9,352,887	-
Other capital assets, net of depreciation	88,823,375	-
Total assets	176,121,278	1,282,417
Liabilities:		
Accounts payable	2,467,316	12,272
Accrued interest	143,838	-
Accrued salaries	18,270,410	-
Deferred revenue:		
Property taxes	31,116,101	-
Other governments	6,966,069	-
Noncurrent liabilities:		
Due within one year	6,096,154	-
Due in more than one year	65,017,438	-
Total liabilities	130,077,326	12,272
Net Assets:		
Invested in capital assets, net of related debt	31,642,177	-
Restricted for:		
School lunch	507,857	-
Foundation	-	1,270,145
Debt service	309,973	-
Capital projects	7,461,909	-
Unrestricted	6,122,036	-
Total net assets	\$ 46,043,952	\$ 1,270,145

WEBER SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2005

Functions	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Component Unit
Governmental activities:						
Instructional services	\$ 110,074,656	\$ 248,880	\$ 29,735,239	\$ 2,245,662	\$ (77,844,875)	\$ -
Supporting services:						
Students	4,691,394	-	2,342,886	-	(2,348,508)	-
Instructional staff	2,475,417	-	1,013,068	-	(1,462,349)	-
District administration	4,134,212	-	-	-	(4,134,212)	-
School administration	9,675,631	-	202,857	-	(9,472,774)	-
Business	1,288,402	-	-	-	(1,288,402)	-
Operation and maintenance of facilities	13,849,678	-	849,872	-	(12,999,806)	-
Transportation	5,461,712	485,939	3,024,839	-	(1,950,934)	-
Central	1,778,254	-	245,735	-	(1,532,519)	-
School lunch services	9,579,956	4,425,097	4,423,793	-	(731,066)	-
Interest on long-term liabilities	3,474,565	-	-	-	(3,474,565)	-
Total school district	\$ 166,483,877	\$ 5,159,916	\$ 41,838,289	\$ 2,245,662	(117,240,010)	-
Component Unit:						
Foundation	\$ 627,281	\$ -	\$ 447,630	\$ -	-	(179,651)
General revenues:						
Property taxes levied for:						
General purposes					18,400,628	-
Transportation					929,953	-
Recreation					674,704	-
Debt service					7,002,676	-
Capital outlay					8,189,364	-
Federal and state aid not restricted to specific purposes					75,375,896	-
Contributions not restricted to specific programs					-	249,945
Earnings on investments					909,641	29,433
Miscellaneous					4,740,007	-
Total general revenues					116,222,869	279,378
Change in net assets					(1,017,141)	99,727
Net assets - beginning					47,061,093	1,170,418
Net assets - ending					\$ 46,043,952	\$ 1,270,145

The notes to the financial statements are an integral part of this statement.

WEBER SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 31,133,910	\$ 940,993	\$ 10,700,803	\$ 422,348	\$ 43,198,054
Receivables:					
Property taxes	14,211,785	6,014,907	7,976,353	537,143	28,740,188
Other governments	3,440,558	-	-	349,280	3,789,838
Other receivables, net of					
allowance for bad debt - \$14,000	223,862	-	-	-	223,862
Prepaid expenses	20,723	-	42,596	-	63,319
Inventory	643,225	-	-	395,165	1,038,390
Other assets	654,879	-	-	-	654,879
Total assets	<u>\$ 50,328,942</u>	<u>\$ 6,955,900</u>	<u>\$ 18,719,752</u>	<u>\$ 1,703,936</u>	<u>\$ 77,708,530</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 2,306,237	\$ -	\$ 142,348	\$ 18,731	\$ 2,467,316
Accrued salaries	17,566,386	-	107,652	596,372	18,270,410
Deferred revenue:					
Property taxes	15,376,495	6,502,089	8,656,541	580,976	31,116,101
Other governments	6,966,069	-	-	-	6,966,069
Total liabilities	<u>42,215,187</u>	<u>6,502,089</u>	<u>8,906,541</u>	<u>1,196,079</u>	<u>58,819,896</u>
Fund Balances:					
Reserved for:					
Encumbrances	441,276	-	1,074,055	118,107	1,633,438
Unreserved:					
Designated for:					
Undistributed reserve	3,315,092	-	-	-	3,315,092
Federal impact aid program	253,910	-	-	-	253,910
Schools	3,599,631	-	-	-	3,599,631
Computer replacement	-	-	2,351,302	-	2,351,302
Land	-	-	2,105,654	-	2,105,654
Early retirement health care	400,000	-	-	-	400,000
Roof units	-	-	950,000	-	950,000
Undesignated, reported in:					
General fund	103,846	-	-	-	103,846
Debt service fund	-	453,811	-	-	453,811
Capital projects fund	-	-	3,332,200	-	3,332,200
Special revenue funds	-	-	-	389,750	389,750
Total fund balances	<u>8,113,755</u>	<u>453,811</u>	<u>9,813,211</u>	<u>507,857</u>	<u>18,888,634</u>
Total liabilities and fund balances	<u>\$ 50,328,942</u>	<u>\$ 6,955,900</u>	<u>\$ 18,719,752</u>	<u>\$ 1,703,936</u>	<u>\$ 77,708,530</u>

WEBER SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2005

Total fund balances for governmental funds **\$ 18,888,634**

Total net assets reported for governmental activities differs from the statement of net assets as follows:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of the following:

Land	\$ 9,238,031	
Construction-in-progress	114,856	
Buildings and improvements, net of \$96,686,559 accumulated depreciation	84,046,362	
Furniture and equipment, net of \$10,765,090 accumulated depreciation	<u>4,777,013</u>	98,176,262

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$160,671. (143,838)

Bond issuance costs are reported as expenditures in the governmental funds. The cost is \$265,052 and accumulated amortization is \$28,565. 236,486

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end follow:

Bonds payable	\$ (64,730,000)	
Unamortized premiums	(631,010)	
Deferred amounts on refunding	411,723	
Accrued vacation	(1,028,294)	
Notes payable	(1,584,797)	
Early retirement payable	<u>(3,551,214)</u>	(71,113,592)

Total net assets of governmental activities **\$ 46,043,952**

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2005

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Revenues:					
Property taxes	\$ 18,730,937	\$ 7,093,585	\$ 8,685,201	\$ 687,602	\$ 35,197,325
Earnings on investments	600,362	-	306,158	3,121	909,641
School lunch sales	-	-	-	4,425,097	4,425,097
Other local sources	5,290,596	-	-	184,230	5,474,826
State aid	102,586,851	-	2,245,662	1,213,196	106,045,709
Federal aid	9,741,001	-	-	3,673,137	13,414,138
Total revenues	136,949,747	7,093,585	11,237,021	10,186,383	165,466,736
Expenditures:					
Current:					
Instructional services	96,327,426	-	-	916,077	97,243,503
Supporting services:					
Students	4,691,394	-	-	-	4,691,394
Instructional staff	2,475,417	-	-	-	2,475,417
District administration	4,008,485	-	-	-	4,008,485
School administration	9,244,841	-	-	-	9,244,841
Business	1,288,402	-	-	-	1,288,402
Operation and maintenance of facilities	13,662,331	-	-	-	13,662,331
Transportation	4,918,553	-	-	-	4,918,553
Central	1,763,998	-	-	-	1,763,998
School lunch services	-	-	-	9,274,303	9,274,303
Capital outlay	-	-	11,973,592	-	11,973,592
Debt service:					
Principal retirement	-	3,535,000	-	-	3,535,000
Interest and fiscal charges	-	3,445,330	-	-	3,445,330
Total expenditures	138,380,847	6,980,330	11,973,592	10,190,380	167,525,149
Excess (deficiency) of revenues over (under) expenditures	(1,431,100)	113,255	(736,571)	(3,997)	(2,058,413)
Other financing sources (uses):					
Transfers	2,118,327	-	(2,162,572)	44,245	-
Bond proceeds	-	-	-	-	-
Loan proceeds	-	-	-	-	-
Bond premium	-	-	-	-	-
Proceeds of refunding bonds	-	7,775,000	-	-	7,775,000
Bond premium on refunding bonds	-	203,033	-	-	203,033
Bond refunding issuance costs	-	(81,953)	-	-	(81,953)
Payment to refunding bond escrow agent	-	(7,896,080)	-	-	(7,896,080)
Note payments	-	-	(636,116)	-	(636,116)
Note interest	-	-	(65,645)	-	(65,645)
Sale of capital assets	-	-	1,195,827	-	1,195,827
Total other financing sources (uses)	2,118,327	-	(1,668,506)	44,245	494,066
Net change in fund balances	687,227	113,255	(2,405,077)	40,248	(1,564,347)
Fund balances - beginning	7,426,528	340,556	12,218,288	467,609	20,452,981
Fund balances - ending	\$ 8,113,755	\$ 453,811	\$ 9,813,211	\$ 507,857	\$ 18,888,634

The notes to the financial statements are an integral part of this statement.

WEBER SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2005

Net change in fund balances-total governmental funds

\$ (1,564,347)

Amounts reported for governmental activities differ from the statement of activities as follows:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period.

Capital outlays	\$ 1,232,311	
Accumulated depreciation adjustment for retired fixed assets	163,654	
Furniture and equipment retirements	(165,505)	
Depreciation expense	(4,750,989)	(3,520,529)

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General obligation bond proceeds	\$ -	
Loan proceeds	-	
Bond premium	-	
Bond issuance costs	(9,357)	
Repayment of bond principal	3,535,000	
Repayment of loan principal	636,116	
Interest expense - general obligation bonds	16,833	
Amortization of bond issuance costs	(10,947)	
Amortization of bond premium	28,934	4,196,579

In the statement of activities, certain operating expenses - compensated absences (vacations), and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, accrued vacation increased by \$36,275, and early retirement payable increased by \$92,569.

(128,844)

Change in net assets of governmental activities

\$ (1,017,141)

WEBER SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget -
				Positive
				(Negative)
Revenues:				
Property taxes	\$ 17,355,076	\$ 18,685,659	\$ 18,730,937	\$ 45,278
Earnings on investments	500,000	434,000	600,362	166,362
Other local sources	4,479,311	10,198,669	5,290,596	(4,908,073)
State aid	97,646,738	101,183,573	102,586,851	1,403,278
Federal aid	7,921,897	9,371,416	9,741,001	369,585
Total revenues	127,903,022	139,873,317	136,949,747	(2,923,570)
Expenditures:				
Current:				
Instructional services	90,803,223	100,665,927	96,327,426	4,338,501
Supporting services:				
Students	5,379,164	5,593,776	4,691,394	902,382
Instructional staff	2,174,092	2,754,555	2,475,417	279,138
District administration	3,317,556	3,401,495	4,008,485	(606,990)
School administration	9,456,547	8,971,849	9,244,841	(272,992)
Business	1,216,889	1,216,889	1,288,402	(71,513)
Operation and maintenance of facilities	14,741,523	15,859,782	13,662,331	2,197,451
Transportation	4,874,281	5,152,381	4,918,553	233,828
Central	2,130,614	2,189,394	1,763,998	425,396
Total expenditures	134,093,889	145,806,048	138,380,847	7,425,201
Excess of expenditures over revenues	(6,190,867)	(5,932,731)	(1,431,100)	4,501,631
Other financing sources (uses):				
Transfer in (out)	1,811,868	2,162,572	2,118,327	(44,245)
Net change in fund balances	(4,378,999)	(3,770,159)	687,227	4,457,386
Fund balances - beginning	7,426,528	7,426,528	7,426,528	-
Fund balances - ending	\$ 3,047,529	\$ 3,656,369	\$ 8,113,755	\$ 4,457,386

WEBER SCHOOL DISTRICT
Statement of Fiduciary Net Assets
Agency Fund
June 30, 2005

	<u>Student Activities Fund</u>
Assets:	
Cash and investments	<u>\$ 165,255</u>
Fund balances:	
Unreserved, undesignated	<u>\$ 165,255</u>
Total fund equity	<u>\$ 165,255</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Weber County School District (District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

In June 1999, the Governmental Accounting Standards board (GASB) unanimously approved Statement No. 34, **Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments**. Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full-accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements as of June 30, 2005.

Reporting entity – The Board of Education, comprised of seven elected individuals, is the primary governing authority for the District. As required by GAAP, these financial statements present the District and its component unit, Weber School District Foundation. The District is not a component unit of any other primary government.

- *Discrete component unit.* The Weber School District Foundation is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The Foundation exclusively services the District. Complete financial statements may be obtained at the Foundation's administrative office located at 5320 S. Adams Ave, Ogden, Utah.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net assets and the statement of changes in net assets) display information about the primary government (the District) and its discrete component unit. These statements include the financial activities of the overall government, except for fiduciary activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The *fund financial statements* provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.
- The *capital projects fund* account for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund types:

- *Special Revenue*
- *Trust and Agency Fund (a fiduciary fund)* accounts for monies held on behalf of student groups.

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide and fiduciary fund financial statements* are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement and postemployment healthcare benefits, arbitrage rebates, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are not adopted on a District level for the Weber County School District Foundation or the trust and agency fund. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During May of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- Copies of the proposed budget are made available for public inspection and review by patrons of the District.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the superintendent, can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2005, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pooled investments are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and credited to the funds.

Cash and Cash Equivalents – The District considers cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Fund (PTIF) to be cash equivalents.

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are reported in the governmental funds and are recorded as revenue when received and as an expense when consumed.

Capital Assets – Capital assets, which include land, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, furniture and equipment and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and improvements and furniture and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements and portable classrooms	20
Maintenance equipment	15
Buses	10
Furniture	10
Office equipment	10
Vehicles	8
Computer equipment	3

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Accrued Wages Payable – Wages payable result from unpaid employee service at the balance sheet date. This amount arises from employee contracts which spread payment for nine months of service over a twelve-month period.

Compensated Absences - Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated vacation days. Accumulated sick leave is also reimbursed to employees that retire, but is dependent on certain criteria being met. The criteria are defined in each employee groups' handbook. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative plans for future use of financial resources that are subject to change.

2. DEPOSITS AND INVESTMENTS

The District follows the requirements of the Utah Money Management Act (Act) (Section 51, Chapter 7 of the Utah Code) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers' Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-grade commercial paper, banker's acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is invested in accordance with the Act. The State Money Management Council (Council) provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Deposits and investments at June 30, 2005 appear in the financial statements as summarized below:

Cash	\$ 12,030,447
Investments	<u>31,332,862</u>
Total cash and investments	<u><u>\$ 43,363,309</u></u>
Cash and investments-governmental funds, balance sheet	\$ 43,198,054
Cash and investments-internal service funds, statement of net assets	<u>-</u>
Cash and investments-governmental activities, statement of net assets	43,198,054
Cash and investments-student activities agency fund	<u>165,255</u>
Total cash and investments	<u><u>\$ 43,363,309</u></u>

Deposits – The District's carrying amount of bank deposits at June 30, 2005 is \$12,030,447 and the bank balance is \$18,253,577. Of the bank balance, \$2,453,162 is covered by federal depository insurance and \$15,800,415 was uninsured. No deposits are collateralized, nor are they required to be by state statute.

Investments – Investments are categorized into these three categories of credit risk:

- (1) Insured or registered, or securities held by the District or its agent in the District's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- (3) Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the District's name.

At year-end, the District's investment balances of \$31,332,862 were held in the Public Treasurers' Investment Fund (investments not subject to categorization).

During the year ended June 30, 2005, the District, through Wells Fargo Bank, had an overnight sweep agreement (classified as a Category 2 investment) to a Eurodollar money market portfolio that meets allowable investments of the Utah Money Management Act.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Weber County Treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The County Assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the County Auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The County Auditor makes approved changes in assessed value by November 1 and on this same date the County Auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%; the interest period is from January 1 until date paid.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Motor vehicles are subject to an "age-based" fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as revenue when the county collects them.

As of June 30, 2005, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2005. It is expected that all assessed taxes will be collected within a five-year period, after which time the County Treasurer may force sale of property to collect the delinquent portion. The property taxes receivable and property taxes deferred revenue accounts at June 30, 2005 are summarized as follows:

Fund description	Property Taxes	
	Receivable	Deferred Revenue
General	\$ 14,211,785	\$ 15,376,495
Debt service	6,014,907	6,502,089
Capital projects	7,976,353	8,656,541
Other government funds	537,143	580,976
Total	<u>\$ 28,740,188</u>	<u>\$ 31,116,101</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2005 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 8,849,898	\$ 524,504	\$ (136,371)	\$ 9,238,031
Construction in progress	8,066,028	114,856	(8,066,028)	114,856
Total capital assets, not being depreciated	<u>16,915,926</u>	<u>639,360</u>	<u>(8,202,399)</u>	<u>9,352,887</u>
Capital assets, being depreciated:				
Buildings and improvements	176,813,425	7,724,520	-	184,537,945
Furniture and equipment	15,419,089	1,070,831	(165,505)	16,324,415
Total capital assets, being depreciated	<u>192,232,514</u>	<u>8,795,351</u>	<u>(165,505)</u>	<u>200,862,360</u>
Accumulated depreciation for:				
Buildings and improvements	(96,686,559)	(3,805,023)	-	(100,491,582)
Furniture and equipment	(10,765,090)	(945,967)	163,654	(11,547,403)
Total accumulated depreciation	<u>(107,451,649)</u>	<u>(4,750,990)</u>	<u>163,654</u>	<u>(112,038,985)</u>
Total capital assets, being depreciated, net	<u>84,780,865</u>	<u>4,044,361</u>	<u>(1,851)</u>	<u>88,823,375</u>
Governmental activities capital assets, net	<u><u>\$ 101,696,791</u></u>	<u><u>\$ 4,683,721</u></u>	<u><u>\$ (8,204,250)</u></u>	<u><u>\$ 98,176,262</u></u>

For the year ended June 30, 2005, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instructional services	\$ 3,272,903
Supporting services:	
District administration	125,727
School administration	311,014
Operation and maintenance of facilities	178,278
Transportation	543,159
Central	14,256
School lunch services	305,653
Total depreciation expense, governmental activities	<u><u>\$ 4,750,990</u></u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

The District is obligated at June 30, 2005, under construction commitments as follows:

Project	Project Authorized	Costs to Date	Costs to Complete
Bates Elementary	\$ 1,625,000	\$ 1,517,144	\$ 107,856
Majestic Elementary	578,400	571,400	7,000
	<u>\$ 2,203,400</u>	<u>\$ 2,088,544</u>	<u>\$ 114,856</u>

A reservation of fund balance for construction commitments in the capital projects fund has been established to fulfill the required costs to complete at June 30, 2005.

5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the State and School Contributory Retirement System and State and the School Noncontributory Retirement System (collectively, the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). URS provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Act in Chapter 49 provides for the administration of the URS and plans under the direction of the Utah State Retirement Board whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Plan members in the State and School Contributory Retirement System are required to contribute 1.00% of annual covered salary, and the District contributes 8.89% of annual covered salary. For employees participating in the State and School Noncontributory System, the District contributes 13.38% of annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board.

The District's contributions to the State and School Contributory Retirement System for the years ended June 30, 2005, 2004, and 2003 are \$102,088, \$84,029, and \$106,634, respectively and for the Noncontributory Retirement System for the years ended June 30, 2005, 2004, and 2003 are \$10,292,997, \$8,334,302, and \$9,310,077, respectively. The contributions were equal to the required contributions for each year.

Defined Contribution Plans – The District also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the State and School Noncontributory Retirement System have a contribution of 1.5% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The employer 401(k) contributions for the years ended June 30, 2005, 2004 and 2003 are \$1,216,418,

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

\$1,099,894, and \$1,333,329, respectively; the employee contributions for the years ending June 30, 2005, 2004 and 2003 are \$2,025,776, \$1,806,546, and \$2,273,231, respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS.

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$77,770 for the year ended June 30, 2005. The assets of the plan are administered and held by URS and a third-party administrator.

6. EARLY RETIREMENT INCENTIVE

The District provides early retirement benefits for certain classifications of employees who retire prior to age 65. The benefits are provided in accordance with policies adopted by the Board of Education of the District. Early retirement benefits paid and recorded as expenditures during the year totaled \$1,465,820. At June 30, 2005 there were 167 employees eligible to receive the early retirement benefits.

The estimated total future liability for such benefits is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2006	\$ 1,384,929
2007	1,125,941
2008	651,662
2009	388,682
	<u>\$ 3,551,214</u>

7. RISK MANAGEMENT

The District also maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$350 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund; the Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants' pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage from coverage by major category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

8. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2005 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 67,965,000	\$ 300,000	\$ (3,535,000)	\$ 64,730,000	\$ 3,535,000
Deferred amounts for issuance premium	456,911	203,033	(28,934)	631,010	-
Deferred amounts on refunding	-	(421,080)	9,357	(411,723)	-
Total bonds payable, net	68,421,911	81,953	(3,554,577)	64,949,287	3,535,000
Notes Payable	2,220,913	-	(636,116)	1,584,797	147,930
Accrued vacation	992,020	929,092	(892,818)	1,028,294	1,028,294
Early retirement payable	3,458,644	1,558,390	(1,465,820)	3,551,214	1,384,930
Total governmental activity					
long-term liabilities	<u>\$ 75,093,488</u>	<u>\$ 2,569,435</u>	<u>\$ (6,549,331)</u>	<u>\$ 71,113,592</u>	<u>\$ 6,096,154</u>

Payments on the general obligation bonds are made by the debt service fund from property taxes. The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2005, including interest payments are listed as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 3,680,000	\$ 3,167,834	\$ 6,847,834
2007	3,990,000	2,993,795	6,983,795
2008	3,825,000	2,808,147	6,633,147
2009	4,080,000	2,639,512	6,719,512
2010	4,260,000	2,458,187	6,718,187
2011 - 2024	44,895,000	15,870,522	60,765,522
	<u>\$ 64,730,000</u>	<u>\$ 29,937,997</u>	<u>\$ 94,667,997</u>

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General Obligation Bonds – General obligation school building bonds payable at June 30, 2005, with their outstanding balance are comprised of the following individual issues:

\$22,630,000 1997A general obligation school building bonds, due in annual installments of \$110,000 to \$1,200,000, beginning June 15, 2001, through June 15, 2016, interest from 4.45% to 5.55%	\$ 14,175,000
\$11,670,000 1998B general obligation school building bonds, due in annual installments of \$35,000 to \$2,740,000, beginning June 15, 1999, through June 15, 2007, interest from 3.25% to 5.00%	5,350,000
\$10,000,000 2000 general obligation school building and refunding bonds, due in annual installments of \$155,000 to \$900,000, beginning June 15, 2000, through June 15, 2020, interest from 4.25% to 5.65%	8,995,000
\$15,000,000 2001B general obligation refunding bonds, due in annual installments of \$250,000 to \$1,485,000, beginning June 15, 2002, through June 15, 2021, interest from 4.25% to 5.10%	13,540,000
\$2,500,000 2002 general obligation refunding bonds, with installments of \$320,000 to \$500,000, with the first installment June 15, 2003, then annual installments from June 15, 2017 through June 15, 2021, interest from 2.00% to 4.70%	1,855,000
\$13,260,000 2003 general obligation refunding bonds with installments of \$220,000 to \$4,040,000 with the first two installments beginning June 15, 2005 and 2006, then annual installments from June 15, 2017 to June 15, 2023, interest from 2.00% to 5.00%	13,040,000
\$7,775,000 2005 general obligation refunding bonds, with installments of \$380,000 to \$1,340,000, with annual installments beginning June 15, 2008, interest from 2.00% to 5.00%	<u>7,775,000</u>
	<u><u>\$ 64,730,000</u></u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2005, is \$347,625,539. General obligation debt at June 30, 2005 is \$64,730,000, resulting in a legal debt margin of \$282,895,539.

On March 29, 2005, the District issued \$7,775,000 of general obligation refunding bonds (Series 2005) to provide resources, that consist of cash and non-callable direct full-faith and credit obligations of the U.S. Government, that were placed in an irrevocable escrow account for the purpose of generating resources for all future debt service payments of \$7,475,000 for general obligation bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$421,080. This

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

amount is being amortized over the life of the new refunding bonds. This advance refunding was undertaken to reduce total debt service payments by \$451,504 and resulted in an economic gain of \$433,811.

9. INTERFUND ACTIVITY

During the year ended June 30, 2005, the general fund transferred \$44,245 to the recreation fund because that fund was in a deficit position, which is not allowed by law. In addition, the capital projects fund transferred \$2,162,572 to the general fund which is allowed by State law for the purchase of supplies.

10. RETIREE HEALTH COVERAGE

In accordance with Board of Education policy, the District provides health coverage to certain retirees who are not yet eligible for Medicare. Retirees receiving this benefit must contribute the same out-of-pocket premium percentage required by active employees. Teachers may receive up to ten years of single coverage and seven years of couple or family coverage. To receive this benefit, a teacher must have thirty years of service in the Utah State Retirement System. Administrators may receive family, couple, or single coverage from their retirement until they are eligible for Medicare. To receive this benefit, a retiring administrator must have ten years of service in the district and qualify for retirement under the Utah State Retirement System. Retired classified employees may also receive health benefits. Most classified employees may receive up to seven years of couple or single coverage until they become Medicare eligible. Generally speaking, a typical classified employee must be employed with the Weber School District prior to age 55 and qualify to retire under the Utah State Retirement System. At June 30, 2005 there were 225 retirees eligible to receive health coverage. During the year, the District paid \$1,196,462 for retiree health coverage. The projected estimated future cost of post-employment supplemental coverage of current employees is undetermined. The post-employment healthcare benefits are financed on a pay-as-you-go basis.

11. DESIGNATED FOR UNDISTRIBUTED RESERVE

Utah state law allows for the establishment of an undistributed reserve. The Board must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 5% of the current fiscal year's total general fund budgeted expenditures. Use of the reserve requires a written resolution adopted by a majority vote of the Board filed with the Utah State Board of Education and State Auditor.

12. LITIGATION

There are several lawsuits pending in which the District is involved. The District's counsel and insurance carriers estimate that the potential claims against the District, not covered by insurance, resulting from such litigation would not materially effect the financial statements of the District.

13. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits

WEBER SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

could become a liability of the general fund or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be immaterial.

14. COMPARATIVE DATA AND RECLASSIFICATIONS

Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

WEBER SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue		Total
	School Lunch	Recreation	Nonmajor Governmental Funds
Assets:			
Cash and investments	\$ 297,227	\$ 125,121	\$ 422,348
Receivables:			
Property taxes	-	537,143	537,143
Other governments	349,280	-	349,280
Inventory	395,165	-	395,165
Total assets	<u>\$ 1,041,672</u>	<u>\$ 662,264</u>	<u>\$ 1,703,936</u>
Liabilities:			
Accounts payable	\$ 18,610	\$ 121	\$ 18,731
Accrued wages	515,205	81,167	596,372
Deferred revenue:			
Property taxes	-	580,976	580,976
Total liabilities	<u>533,815</u>	<u>662,264</u>	<u>1,196,079</u>
Fund balances:			
Unreserved:			
Reserved for encumbrance	118,107	-	118,107
Undesignated	389,750	-	389,750
Total fund balances	<u>507,857</u>	<u>-</u>	<u>507,857</u>
Total liabilities and fund balances	<u>\$ 1,041,672</u>	<u>\$ 662,264</u>	<u>\$ 1,703,936</u>

WEBER SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2005

	Special Revenue		Total Nonmajor Governmental Funds
	School Lunch	Recreation	
Revenues:			
Property tax	\$ -	\$ 687,602	\$ 687,602
Student fees	-	184,230	184,230
Lunch sales	4,425,097	-	4,425,097
Earnings on investments	3,121	-	3,121
State aid	1,213,196	-	1,213,196
Federal aid	3,673,137	-	3,673,137
Total revenues	<u>9,314,551</u>	<u>871,832</u>	<u>10,186,383</u>
Expenditures:			
Instructional services	-	916,077	916,077
School lunch services	<u>9,274,303</u>	<u>-</u>	<u>9,274,303</u>
Total expenditures	<u>9,274,303</u>	<u>916,077</u>	<u>10,190,380</u>
Excess of expenditures over revenues	40,248	(44,245)	(3,997)
Other financing sources:			
Transfer in	<u>-</u>	<u>44,245</u>	<u>44,245</u>
Net change in fund balances	40,248	-	40,248
Fund balances - beginning	<u>467,609</u>	<u>-</u>	<u>467,609</u>
Fund balances - ending	<u>\$ 507,857</u>	<u>\$ -</u>	<u>\$ 507,857</u>

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
School Lunch
Nonmajor Special Revenue Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Lunch sales	\$ 4,323,935	\$ 4,425,097	\$ 101,162	\$ 4,141,113
Earnings on investments	3,000	3,121	121	4,067
Total local sources	4,326,935	4,428,218	101,283	4,145,180
State sources:				
State lunch program	1,159,858	1,213,196	53,338	1,126,076
Total state sources	1,159,858	1,213,196	53,338	1,126,076
Federal sources:				
Federal lunch program	3,534,769	3,673,137	138,368	3,431,815
Total federal sources	3,534,769	3,673,137	138,368	3,431,815
Total revenues	9,021,562	9,314,551	292,989	8,703,071
Expenditures:				
Current:				
Employee salaries and benefits	4,165,450	4,308,393	(142,943)	3,984,106
Purchased services	446,917	454,871	(7,954)	438,123
Supplies	383,143	270,324	112,819	276,901
Food	3,653,204	4,007,540	(354,336)	3,581,714
Equipment	422,453	164,394	258,059	306,090
Other	203,224	68,781	134,443	111,820
Total expenditures	9,274,391	9,274,303	88	8,698,754
Excess (deficiency) of revenues over (under) expenditures	(252,829)	40,248	293,077	4,317
Fund balances - beginning	467,609	467,609	-	463,292
Fund balances - ending	\$ 214,780	\$ 507,857	\$ 293,077	\$ 467,609

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Recreation
Nonmajor Special Revenue Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 704,347	\$ 687,602	\$ (16,745)	\$ 674,704
Community school fees	160,000	184,230	24,230	86,615
Miscellaneous revenues	159,643		(159,643)	
Total local sources	1,023,990	871,832	(152,158)	761,319
Total revenues	1,023,990	871,832	(152,158)	761,319
Expenditures:				
Employee salaries and benefits	907,945	701,537	206,408	645,520
Purchased services	20,000	17,928	2,072	11,793
Supplies	10,146	199	9,947	7,118
Equipment	-	68	(68)	-
Other	213,650	196,345	17,305	201,950
Total expenditures	1,151,741	916,077	235,664	866,381
Other financing sources:				
Transfer in	127,751	44,245	83,506	104,114
Net change in fund balances	-	-	(304,316)	(948)
Fund balances - beginning	-	-	-	948
Fund balances - ending	\$ -	\$ -	\$ (304,316)	\$ -

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Property tax	\$ 7,068,217	\$ 7,093,585	\$ 25,368	\$ 7,002,676
Earnings on investments	-	-	-	-
Total revenues	7,068,217	7,093,585	25,368	7,002,676
Expenditures:				
Debt service:				
Bond principal	3,535,000	3,535,000	-	3,185,000
Bond interest	3,280,016	3,417,016	(137,000)	3,735,207
Bond issuance costs	-	-	-	-
Paying agent fees	300,000	28,314	271,686	23,149
Total expenditures	7,115,016	6,980,330	134,686	6,943,356
Excess (deficiency) of revenues over (under) expenditures	(46,799)	113,255	160,054	59,320
Other financing sources (uses):				
Proceeds of refunding bonds	-	7,775,000	7,775,000	-
Bond premium	-	203,033	203,033	-
Bond refunding issuance costs	-	(81,953)	(81,953)	-
Payment to refunded bond escrow agent	-	(7,896,080)	(7,896,080)	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(46,799)	113,255	160,054	59,320
Fund balance - beginning	340,556	340,556	-	281,236
Fund balance - ending	\$ 293,757	\$ 453,811	\$ 160,054	\$ 340,556

WEBER SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2005
With Comparative Totals for 2004

	2005			2004
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 8,637,571	\$ 8,685,201	\$ 47,630	\$ 8,189,364
Earnings on investments	200,000	306,158	106,158	-
Total local sources	8,837,571	8,991,359	153,788	8,189,364
State sources:				
Capital outlay foundation	2,245,662	2,245,662	-	2,141,791
Total state sources	2,245,662	2,245,662	-	2,141,791
Total revenues	11,083,233	11,237,021	153,788	10,331,155
Expenditures:				
Land and buildings:				
Purchased services	270,400	251,917	18,483	270,866
Salaries and benefits	722,431	712,316	10,115	620,145
Land purchases	1,280,148	536,210	743,938	898,224
Building improvements	9,748,844	6,846,863	2,901,981	12,246,905
Total land and buildings	12,021,823	8,347,306	3,674,517	14,036,140
Equipment and Textbooks:				
Maintenance and custodial	999,444	403,334	596,110	439,450
Equipment support departments	198,781	231,468	(32,687)	7,447
Computer purchase	1,262,719	1,782,243	(519,524)	2,119,072
Computer software	-	-	-	214,575
Other instructional equipment	-	5,740	(5,740)	-
Textbooks	854,856	854,857	(1)	237,395
Buses	946,066	180,194	765,872	339,675
Other vehicles	26,500	168,450	(141,950)	333,204
Total equipment	4,288,366	3,626,286	662,080	3,690,818
Total expenditures	16,310,189	11,973,592	4,336,597	17,726,958
Excess (deficiency) of revenues over (under) expenditures	(5,226,956)	(736,571)	4,490,385	(7,395,803)
Other Financing Sources (Uses):				
Note payments	(615,000)	(636,116)	(21,116)	(375,542)
Note interest	(85,000)	(65,645)	19,355	(324,583)
Transfer out	(2,162,572)	(2,162,572)	-	(1,950,000)
Sale of capital assets	-	1,195,827	1,195,827	161,986
Total other financing sources (uses)	(2,862,572)	(1,668,506)	1,194,066	(2,488,139)
Net change in fund balances	(8,089,528)	(2,405,077)	5,684,451	(9,883,942)
Fund balance - beginning	12,218,288	12,218,288	-	22,102,230
Fund balance - ending	\$ 4,128,760	\$ 9,813,211	\$ 5,684,451	\$ 12,218,288

WEBER SCHOOL DISTRICT
Statement of Changes in Assets and Liabilities
Student Activities Agency Fund
Year Ended June 30, 2005

	<u>Net Assets at July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Net Assets at June 30, 2005</u>
Assets:				
Cash and investments	<u>\$ 144,977</u>	<u>\$ 731,491</u>	<u>\$ (711,213)</u>	<u>\$ 165,255</u>
Liabilities:				
Due to student organizations	<u>144,977</u>	<u>731,491</u>	<u>(711,213)</u>	<u>165,255</u>
Total liabilities	<u>\$ 144,977</u>	<u>\$ 731,491</u>	<u>\$ (711,213)</u>	<u>\$ 165,255</u>

Table 1 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Outstanding General Obligation Debt (As of June 30, 2005)

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Current Balance Outstanding</u>
2005	Building	\$ 7,775,000	June 15, 2016	7,775,000
2003	Building	13,260,000	June 15, 2023	\$ 13,040,000
2002	Building	2,500,000	June 15, 2021	1,855,000
2001 B	Building	15,000,000	June 15, 2021	13,540,000
2000	School Building and Refunding	10,000,000	June 15, 2020	8,995,000
1998 B	Refunding	11,670,000	June 15, 2007	5,350,000
1997A	School Building and Refunding	22,630,000	June 15, 2016	<u>14,175,000</u>
Total direct obligation bonded indebtedness				<u>\$ 64,730,000</u>

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Table 2 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
General Obligation Overlapping Indebtedness (As of June 30, 2005)

<u>Entity</u>	<u>2003 Taxable Value</u>	<u>District's Portion of Assessment</u>	<u>Entity's Percent²</u>	<u>General Obligation Debt</u>	<u>Overlapping Debt</u>
Weber County	\$ 8,661,335,064	\$ 5,576,648,791	64.4%	\$26,924,711	\$ 17,335,585
Cities:					
Farr West City	230,509,925	230,509,925	100.0%	-	-
Harrisville	173,436,683	173,436,683	100.0%	35,000	35,000
North Ogden City	584,860,744	584,860,744	100.0%	-	-
Washington Terrace	281,260,560	281,260,560	100.0%	4,560,000	4,560,000
Other Districts:					
Weber Basin Water ¹					
Consrv. District	29,129,486,245	5,576,634,076	19.1%	36,603,445	7,007,471
North Davis County					
Sewer District	6,365,875,397	996,389,232	15.7%	34,511,000	5,401,675
West Warren-					
Water Imp. Dist.	32,136,111	32,136,111	100.0%	-	-
Total overlapping general obligation debt					34,339,731
Total direct general obligation bonded indebtedness					64,730,000
Total direct and overlapping general obligation debt					\$ 99,069,731

¹ Weber Basin Water Conservancy District ("WBWCD") covers all of Morgan County, most of Davis and Weber Counties, and a portion of Box Elder and Summit Counties. Principal and interest on WBWCD bonds are paid primarily from sales of water. WBWCD bonds are shown as overlapping but are self-supporting except for a minimum 0.000200 tax rate.

² Cities or districts marked with 100% are contained entirely within the District. Other Cities or districts contain territory partly within and partly outside the district. The percentage shown represents the portion of the District's taxable value as compared to the total taxable value of the entity.

Note: The State of Utah general obligation debt is not included in the calculation of Total Direct and Overlapping General Obligation Debt because the State currently levies no property tax for payment of general obligation bonds.

**Table 3 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Ratios**

	<u>To 2004 Taxable Value¹</u>	<u>To Adjusted Fair Market Value²</u>	<u>Per Capita Debt Ratio³</u>
Direct general obligation debt	1.16 %	0.74 % \$	542.55
Direct and overlapping General obligation debt	1.78 %	1.14 % \$	830.38

¹ Based on the State of Utah's December 31, 2004 taxable value for Weber County School District of \$5,576,648,791.

² Based on the State of Utah's December 31, 2004 adjusted fair market value for the District of \$8,690,638,463.

³ Based on the U.S. Bureau of the Census estimate for Weber County of 196,533 less Ogden City's population estimate of 77,226 (Ogden City does not lie within the District's boundaries) therefore, Weber County School District's 2000 population estimate is 119,307.

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Table 4 Debt Structure
WEBER SCHOOL DISTRICT
General Obligation Bonds
Debt Service Schedule of Outstanding General Obligation Bonds

Fiscal Year Ending 6/30	Series 1997 A			Series 1998 B			Series 2000			Series 2001 B		
	Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)	
2006	\$ 270,000	\$ 758,278		\$ 2,610,000	\$ 267,500		\$ 315,000	\$ 470,335		\$ 265,000	\$ 661,345	
2007	285,000	745,048		2,740,000	137,000		330,000	455,688		275,000	650,083	
2008	2,015,000	730,798		-	-		400,000	440,178		285,000	638,395	
2009	2,115,000	627,025		-	-		425,000	421,178		295,000	626,283	
2010	2,230,000	515,988		-	-		440,000	400,778		305,000	613,745	
2011	2,345,000	396,683		-	-		465,000	379,438		320,000	600,783	
2012	2,055,000	270,053		-	-		595,000	356,420		700,000	586,703	
2013	655,000	158,055		-	-		625,000	326,670		1,005,000	555,553	
2014	695,000	122,030		-	-		655,000	294,795		1,055,000	505,303	
2015	735,000	83,805		-	-		690,000	260,735		1,110,000	452,553	
2016	775,000	43,013		-	-		765,000	185,378		1,165,000	397,053	
2017	-	-		-	-		810,000	143,685		1,225,000	338,803	
2018	-	-		-	-		855,000	98,730		1,285,000	278,165	
2019	-	-		-	-		900,000	50,850		1,350,000	213,915	
2020	-	-		-	-		-	-		1,415,000	146,415	
2021	-	-		-	-		-	-		1,485,000	74,250	
TOTAL	\$ 14,175,000	\$ 4,450,776		\$ 5,350,000	\$ 404,500		\$ 8,995,000	\$ 4,509,023		\$ 13,540,000	\$ 7,339,347	

	Series 2002			Series 2003			Series 2005			Totals		
	Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Principal (Due 6/15)	Interest (Due 6/15)		Total Principal	Total Interest	Total Debt Service
2006	\$ -	\$ 84,543		\$ -	\$ 634,933		\$ -	\$ 290,900		\$ 3,460,000	\$ 3,167,834	\$ 6,627,834
2007	-	84,543		360,000	630,533		-	290,900		3,990,000	2,993,795	6,983,795
2008	-	84,543		-	623,333		1,125,000	290,900		3,825,000	2,808,147	6,633,147
2009	-	84,543		-	623,333		1,245,000	257,150		4,080,000	2,639,512	6,719,512
2010	-	84,543		-	623,333		1,285,000	219,800		4,260,000	2,458,187	6,718,187
2011	-	84,543		-	623,333		1,340,000	168,400		4,470,000	2,253,180	6,723,180
2012	-	84,543		-	623,333		1,160,000	114,800		4,510,000	2,035,852	6,545,852
2013	-	84,543		-	623,333		380,000	66,950		2,665,000	1,815,104	4,480,104
2014	-	84,543		-	623,333		400,000	51,750		2,805,000	1,681,754	4,486,754
2015	-	84,543		-	623,333		410,000	35,750		2,945,000	1,540,719	4,485,719
2016	-	84,543		-	623,333		430,000	19,350		3,095,000	1,391,457	4,486,457
2017	320,000	84,543		710,000	623,333		-	-		3,020,000	1,232,057	4,252,057
2018	330,000	70,623		745,000	593,513		-	-		3,170,000	1,085,986	4,255,986
2019	345,000	55,938		780,000	558,125		-	-		3,330,000	926,708	4,256,708
2020	360,000	40,240		825,000	515,225		-	-		3,500,000	752,730	4,252,730
2021	500,000	23,500		1,695,000	473,975		-	-		3,680,000	571,725	4,251,725
2022	-	-		3,875,000	380,750		-	-		3,875,000	380,750	4,255,750
2023	-	-		4,050,000	202,500		-	-		4,050,000	202,500	4,252,500
TOTAL	\$ 1,855,000	\$ 1,204,817		\$ 13,040,000	\$ 10,222,884		\$ 7,775,000	\$ 1,806,650		\$ 64,730,000	\$ 29,937,997	\$ 94,667,997

**Table 5 Financial Information
WEBER SCHOOL DISTRICT
Taxable and Fair Market Value**

Including Fee in Lieu Valuation

<u>Year¹</u>		<u>Taxable Value</u>		<u>Adjusted Fair Market Value</u>
2004	\$	5,576,648,791	\$	8,690,638,463
2003		5,583,490,020		8,107,638,463
2002		5,395,892,609		7,829,646,324
2001		4,952,343,546		7,548,272,161
2000		4,350,327,091		6,547,065,656

Excluding Fee in Lieu Valuation

<u>Year¹</u>		<u>Taxable Value</u>		<u>Adjusted Fair Market Value</u>
2003	\$	4,949,922,036	\$	7,474,070,479
2002		4,767,398,253		7,201,151,968
2001		4,374,380,206		6,970,308,821
2000		4,090,905,224		6,287,643,789
1999		3,693,415,845		5,607,578,322

(Source: Property Tax Division, Utah State Tax Commission)

¹ These valuation figures include the value associated with the fees in lieu of ad valorem taxes for motor vehicles and other tangible personal property.

**Table 6 Financial Information
WEBER SCHOOL DISTRICT
Significant Taxpayers in the District**

Taxpayer	Type of Business	December 31, 2004 Taxable Valuation	Percentage of Total Assessed Valuation¹
Pacificorp	Electric Utility	\$ 64,406,277	1.15%
Associated Food	Groceries	46,008,925	0.83
Kimberly-Clark Corporation	Manufacturing	43,137,207	0.77
Great Salt Lake Mineral	Manufacturing	36,640,581	0.66
Qwest Communications	Telephone utility	35,998,126	0.65
Wal-Mart	Retail sales	31,298,307	0.56
Columbia Ogden Medical Center	Medical	27,052,636	0.49
Parker Hannifin-Berta Division	Aerospace	26,486,785	0.47
Iomega	Manufacturing	25,676,404	0.46
America First Credit Union	Financial	25,471,035	0.46
Questar Gas	Gas Utility	21,741,254	0.39
Rocky Mountain Real Estate	Real Estate	18,276,916	0.33
Union Pacific Railroad	Railroad	15,536,636	0.28
Western Zirconium	Manufacturing	15,472,896	0.28
Hermes Associates LTD		12,350,477	0.22
Cerro Wire and Cable Company	Cable Utility	12,011,948	0.22
Riverdale Retail Associates LLC	Real Estate	11,229,878	0.20
Cross Pointe Associates Limited		8,762,165	0.16
Totals		<u>\$ 477,558,453</u>	<u>8.56%</u>

¹ Based on the District's 2004 taxable value of \$5,576,648,791.
Source: Office of Weber County Treasurer

**Table 7 Financial Information
WEBER SCHOOL DISTRICT
Summary of Taxable Value**

	<u>2004 Taxable Value</u>	<u>Percent of 2003</u>	<u>2003 Taxable Value</u>
Centrally assessed values:	\$ 222,086,193	3.98 %	\$ 239,392,500
Real property:			
Primary residential	3,173,445,550	56.91	3,063,824,650
Other residential	340,834,685	6.11	328,878,294
Commercial and industrial	929,745,257	16.67	886,084,327
FAA	18,244,305	0.33	17,869,365
Unimproved non FAA	78,485,701	1.41	81,801,038
Total real property	<u>4,540,755,498</u>	<u>81.43</u>	<u>4,378,457,674</u>
Personal property:			
Primary and secondary mobile homes	20,651,315	0.37	21,245,669
Other business personal	286,038,690	5.13	310,826,193
Total personal property	<u>306,690,005</u>	<u>5.50</u>	<u>332,071,862</u>
Fee-in-lieu property (F-I-L):	<u>507,117,095</u>	9.10	<u>633,567,984</u>
Total assessed properties:	<u>\$ 5,576,648,791</u>	<u>100.00 %</u>	<u>\$ 5,583,490,020</u>

Source: Utah State Tax Commission

**Tables 8, 9 & 10 Financial Information
WEBER SCHOOL DISTRICT**

Tax Collection Record of the District

Tax Year End 12/31	Total Taxes Levied	Current Collections	Percent Current Collections	Collections for Prior Years	Total Collections	Percent of Total Collection
2004	\$ 34,993,743	\$ 33,354,846	95.32 %	\$ 1,343,336	\$ 34,698,182	99.16 %
2003	33,491,813	31,862,152	95.13	1,142,054	33,004,206	98.54
2002	30,182,316	29,603,605	98.08	1,240,000	30,843,605	102.19
2001	28,063,830	26,998,045	99.73	1,136,668	28,134,713	100.25
2000	25,787,473	25,718,973	99.73	842,507	26,561,480	103.00

Schedule of Property Tax Rates

	Tax Year Ended December 31,				
	2005	2004	2003	2002	2001
State required	0.001800	0.001825	0.001743	0.001813	0.001785
Voted leeway	0.000625	0.000625	0.000624	0.000568	0.000456
Board leeway	0.000407	0.000400	0.000400	0.000400	0.000400
Transportation	0.000165	0.000141	0.000140	0.000140	0.000140
Recreation	0.000122	0.000121	0.000120	0.000120	0.000120
Tort liability	0.000062	0.000050	0.000050	0.000050	0.000050
Capital outlay	0.000992	0.000985	0.000995	0.000911	0.000911
Debt service	0.001400	0.001415	0.001405	0.001405	0.001405
10% Additional	0.000549	0.000499	0.000492	0.000492	0.000492
Tax comm judge	0.000002	-	-	-	0.000005
Board reading levy	0.000121	-	-	-	-
Total	0.006245	0.006061	0.005969	0.005899	0.005764

Historical Property Tax Collections by Fund

Fiscal Year Ending 6/30	Total Funds	General Fund	Special Revenue Programs	Capital Projects and Debt Service
2004-05	\$ 35,197,325	\$ 18,730,937	\$ 687,602	\$ 15,778,786
2003-04	34,031,365	18,164,621	674,704	15,192,040
2002-03	33,006,033	18,058,873	638,474	14,308,686
2001-02	29,408,372	14,979,254	612,249	13,816,869
2000-01	26,561,480	12,978,316	605,236	12,977,928

Table 11 Financial Information
WEBER SCHOOL DISTRICT
Five Year General Fund Financial Summary

Five-Year Financial Summary

	2005	2004	2003	2002	2001
REVENUES:					
Local revenue:					
Property tax	\$ 18,730,937	\$ 18,164,621	\$ 16,455,097	\$ 14,979,254	\$ 12,978,316
Earnings from investments	600,362	668,384	681,749	678,059	1,572,576
Other	5,290,596	4,951,113	4,479,311	5,062,817	3,870,814
State	102,586,851	95,905,897	93,023,563	95,704,816	88,832,455
Federal	9,741,001	7,678,805	6,742,318	6,462,240	5,261,494
Total revenues	136,949,747	127,368,820	121,382,038	122,887,186	112,515,655
EXPENDITURES:					
Instruction	96,327,426	91,775,472	85,867,860	86,174,320	80,545,716
Support services:					
Students	4,691,394	4,540,905	4,283,966	4,009,991	3,783,671
Instructional staff	2,475,417	1,528,010	4,128,334	4,338,605	3,944,296
District general admin.	4,008,485	4,062,947	1,417,348	1,405,148	1,228,321
School administration	9,244,841	8,907,582	8,657,062	8,413,442	8,130,781
Business	1,288,402	1,138,766	1,145,122	1,120,411	1,035,923
Operations and maintenance	13,662,331	13,115,196	13,463,514	12,992,797	12,558,332
Student transportation	4,918,553	4,493,050	4,218,134	3,919,944	3,837,230
Central	1,763,998	1,608,468	1,617,106	1,436,748	1,208,619
Total expenditures	138,380,847	131,170,396	124,798,446	123,811,406	116,272,889
Excess (deficiency) of revenues over (under) expenditures	(1,431,100)	(3,801,576)	(3,416,408)	(924,220)	(3,757,234)
Other financing sources (uses):					
Interfund transfer	2,118,327	1,845,886	1,915,454	1,950,000	1,791,319
Total other financing sources	2,118,327	1,845,886	1,915,454	1,950,000	1,791,319
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures before cumulative change in accounting principle	687,227	(1,955,690)	(1,500,954)	1025780	(1,965,915)
Effect of cumulative change in accounting principle	-	-	1,603,776	-	-
Excess (deficiency) of revenues and other financing sources (uses) over (under) expenditures	687,227	(1,955,690)	102,822	-	-
Fund balance, beginning of year	7,426,528	9,382,218	9,279,396	8,253,616	10,237,229
Fund balance, end of year	\$ 8,113,755	\$ 7,426,528	\$ 9,382,218	\$ 9,279,396	\$ 8,271,314

Source: The District's General Purpose financial statements.

**Table 12 Financial Information
WEBER SCHOOL DISTRICT
Balance Sheet - General Fund**

	2005	2004	2003	2002	2001
ASSETS:					
Cash and investments	\$ 31,133,910	\$ 31,932,716	\$ 30,718,735	\$ 34,782,083	\$ 34,454,852
Accounts receivable:					
Categorical funding	17,652,343	17,086,822	15,933,345	15,129,278	2,729,327
Other	223,862	133,334	119,691	313,676	274,320
Inventory, at cost or fair value	643,225	385,212	716,231	459,583	455,350
Due to other funds	-	-	93,824	-	-
Prepaid expenses	20,723	-	15,000	19,712	6,613
Other assets	654,879	654,879	654,879	663,394	747,638
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	\$ 50,328,942	\$ 50,192,963	\$ 48,251,705	\$ 51,367,726	\$ 38,668,100
LIABILITIES & FUND BALANCE					
Liabilities					
Accounts payable	\$ 2,306,237	\$ 7,438,814	\$ 4,816,186	\$ 5,516,715	\$ 5,597,580
Accrued wages payable	17,566,386	13,155,565	11,213,892	11,302,969	12,930,499
Deferred revenue	22,342,564	22,172,056	22,839,409	25,268,646	11,868,706
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	42,215,187	42,766,435	38,869,487	42,088,330	30,396,785
Fund balances:					
Reserved	441,276	258,374	775,808	637,923	636,329
Designated	7,568,633	7,168,154	7,632,060	6,834,688	6,139,777
Unreserved, undesignated	103,846	-	974,350	1,806,785	1,495,209
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balance	8,113,755	7,426,528	9,382,218	9,279,396	8,271,315
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities & fund balance	\$ 50,328,942	\$ 50,192,963	\$ 48,251,705	\$ 51,367,726	\$ 38,668,100

Source: The District's General Purpose Annual Financial Report.

WEBER SCHOOL DISTRICT

**Government Auditing Standards, OMB Circular
A-133 and Other Required Reports**

June 30, 2005

(With Independent Auditors' Report Thereon)

WEBER SCHOOL DISTRICT
Government Auditing Standards, OMB Circular A-133 and Other Required Reports
Year Ended June 30, 2005

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Board of Education Weber School District

We have audited the financial statements of the governmental activities, discretely presented component unit, each major fund and the aggregate remaining fund information of Weber School District as of and for the year ended June 30, 2005, which collectively comprise the Weber School District basic financial statements and have issued our report thereon dated December 28, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Weber School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that misstatements by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and other matters

As part of obtaining reasonable assurance about whether Weber School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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We noted certain other matters that we reported to the Administration of the District, in a separate letter dated December 28, 2005.

This report is intended solely for the information of the audit committee, administration, Board of Education, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Schmitt, Tzjib, Smira; Co. P.C.

December 28, 2005

Schmitt, Griffiths, Smith & Co., P.C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

**Honorable Board of Education
Weber School District**

Compliance

We have audited the compliance of Weber School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. Weber School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Weber School District's administration. Our responsibility is to express an opinion on Weber School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Weber School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Weber School District's compliance with those requirements.

In our opinion, Weber School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.



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Internal Control Over Compliance

The management of Weber School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs.

In planning and performing our audit, we considered Weber School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, discretely presented component unit, each major fund and the aggregate remaining fund information of Weber School District as of and for the year ended June 30, 2005, which collectively comprise the Weber School District basic financial statements and have issued our report thereon dated December 28, 2005. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Weber School District basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of Weber School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, administration, Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

December 28, 2005

Schmitt, Griffiths, Smith & Co., P.C.

WEBER COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Year Ended June 30, 2005		
			Grant Receipts	Revenue Recognized	Expenditures
U.S. Department of Education					
Direct Program:					
Impact aid	84.041	N/A	\$ 250,993	\$ 238,975	\$ 238,975
Teaching American History	84.215X	N/A	291,583	174,092	174,092
	84.215X	N/A	161,978	161,975	161,975
Improvement of Ed (Earmark) CORI	84.215	N/A	371,075	371,075	371,075
Twenty-First Century CLC	84.287	N/A	-	59,916	59,916
	84.287	N/A	97	4,236	4,236
Total Direct			1,075,726	1,010,269	1,010,269
Passed through the Utah State					
Office of Education:					
Adult Education	84.002	35053312	28,173	47,500	47,500
	84.002	35043312	70,000	-	-
Adult English Language/Civics	84.002	35053312	16,986	26,667	26,667
	84.002	35043312	26,532	-	-
Title I LEA	84.010	35053312	297,831	1,289,251	1,289,251
	84.010	35043312	1,146,765	483,294	483,294
Title I Neglected and Delinquent		35043312	5,505	7,741	7,741
Innovative Programs Title V	84.298A	35050045	44,864	97,193	97,193
	84.298A	35040045	-	31,517	31,517
	84.298A	35030045	91	91	91
Special Education IDEA	84.027	35051905	2,734,300	2,508,381	2,508,381
	84.027	35041905	3,778,946	1,912,924	1,912,924
Special Education IDEA Discretionary	84.027	35051905	-	9,000	9,000
Special Education Capacity Building IDEA	84.027A	35051905	-	67,699	67,699
	84.027A	35041905	34,083	-	-
Special Education IDEA Discretionary	84.027	35051905	-	13,145	13,145
Spec Ed PreSchool Discretionary IDEA	84.027A	32051905	214,022	139,142	139,142
	84.027A	32041905	194,709	20,303	20,303
	84.027A	32031905	2,779	2,779	2,779
SIGNAL Grant			23,250	23,250	23,250
Vocational Education Basic Title II Discre	84.048	35052112	-	307,479	307,479
ATE Perkins Grant LNCB Math	84.048	35042112	323,026	25,500	25,500
ATE Perkins Grant Proj Lead the Way	84.048	35052112	-	9,000	9,000
Improving Teacher Quality Title IIA	84.281	35051605	344,186	635,201	635,201
	84.281	35041605	408,865	136,831	136,831
Imp Teacher Quality Title IIA Bridge Gap	84.367A	35051605	13,573	21,521	21,521
	84.367A	35041605	12,144	25,717	25,717

WEBER COUNTY SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Continued
Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Year Ended June 30, 2005		
			Grant Receipts	Revenue Recognized	Expenditures
Educational Tech Literacy Title IID	84.318X	35050044	-	54,451	54,451
	84.318X	35040044	39,379	-	-
	84.318X	35020044	1,515	-	-
Safe & Drug free Sch & Com Title IV	84.186	35050905	20,900	82,685	82,685
	84.186	35040905	84,657	20,637	20,637
English Language Acquisition Title IIIA	84.365	35057306	25,259	46,188	46,188
	84.365	35037306	18,612	-	-
Ameri Corp	94.006	35033703	129,429	128,430	128,430
Total passed through			10,040,381	8,173,517	8,173,517
Total Department of Education			11,116,107	9,183,786	9,183,786
U.S. Department of Health and Human Services					
Direct program:					
Early Intervention	84.181A	N/A	277,298	394,947	394,947
	84.181A	N/A	98,300	-	-
Total Dept of Health & Human Serv			375,598	394,947	394,947
U.S. Department of Agriculture					
Passed through the Utah State					
Office of Education:					
Commodity distribution	10.550	N/A	608,346	608,346	608,346
National School Breakfast	10.553	35054425	704,532	606,848	606,848
	10.553	35044425	126,954	110,816	110,816
Special Assistance Prog Sec 11	10.555	35034325	1,962,856	1,699,442	1,699,442
	10.555	35024325	413,018	305,081	305,081
National School Lunch	10.555	35034225	338,178	299,521	299,521
	10.555	35024225	47,346	43,082	43,082
Team Nutrition	10.574B	3502025	367	-	-
Total Department of Agriculture			4,201,597	3,673,136	3,673,136
Corporation for National and Community Services					
Passed through the Utah State					
Office of Education:					
Service Learning Grant	94.004	35055303	-	5,865	5,865
		35035303	895	-	-
Total Corp for Nat & Community Serv			895	5,865	5,865
Institute of Museum and Library Services					
Direct Program:					
State Library Program E- Rate	45.31	N/A	121,069	156,404	156,404
Total of Museum and Library Services			121,069	156,404	156,404
			<u>\$ 15,815,266</u>	<u>\$ 13,414,138</u>	<u>\$ 13,414,138</u>

WEBER SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
June 30, 2005

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Weber School District and is presented on the accrual basis of accounting and in accordance with generally accepted accounting principles. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133. All federal financial awards received directly from federal agencies as well as federal financial awards passed through from other governmental agencies are included in these schedules.

Note B - Food Distribution

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.

WEBER SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
June 30, 2005

FINDINGS - FINANCIAL STATEMENT AUDIT

04-1 Reconciliation of Accounts

Condition: Internal control policies and procedures require the reconciliation of each balance sheet account to the supporting detail and schedules on a periodic basis. Our audit procedures revealed that one account was not reconciled or monitored adequately, thus requiring the proposal of an adjusting journal entry to year end balances.

Recommendation: We recommend that District personnel comply with internal policies and procedures and that all accounts be reconciled on a regular basis and that all accounts be monitored continually. We further recommend that the Assistant Business Administrator and the Business Administrator review all balance sheet accounts prior to commencement of audit procedures.

Status: Recommendation implemented

04-2 Budgetary Compliance

Condition: The State of Utah, as well as the internal control policies and procedures of Weber School District, require that the administration and employees of the District shall not incur expenditures or encumbrances in excess of the total amounts appropriated in the final adopted budget. The District has not complied with this requirement in all areas.

Recommendation: We recommend that the status of the budget be adequately reviewed prior to the adoption of the final budget, so as to allow time for a public hearing to amend the budget, if necessary.

Status: Recommendation implemented

WEBER SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings, Continued
Year Ended June 30, 2005

04-3 Monitoring of Financial Information

Condition: Under the District's current structure, the reconciliation of accounts to prepare for the annual financial audit and the preparation of the financial reports is only performed at year-end. The lack of timely financial information makes it very difficult to adequately manage the District's operations and may prevent the administration from addressing financial challenges, including budget to actual comparisons.

The District has recently made significant strides in improving the financial systems. The new financial accounting system is implemented and can be configured to produce monthly financial statements. An adequate month-end closing process which includes reconciliations of all major accounts and the preparation of monthly financial reports has not been implemented. Furthermore, current staffing and assignments of duties do not provide for monthly financial reporting.

Recommendation: We recommend that the administration design and implement a monthly reporting process which includes reconciliations of all major accounts on a timely basis. Furthermore, we recommend that current staffing levels and assignments of accounting personnel be reviewed and modified as needed, to allow for the best possible system of internal control, financial accounting and reporting. Assignment of duties should take into consideration the need for adequate supervision and review of all work performed by accounting personnel to insure compliance with adopted accounting policies and procedures.

Status: This condition continues to exist. Due to issues that arose during the year in the area of payroll, the District was unable to comply with our previous year recommendations.

Administration response: Historically, Weber School District has never reconciled all accounts on a regular basis. With our new finance software package, we are in position to produce monthly financial statements and regularly reconcile all accounts. Robert Petersen and staff will adopt the recommendation by June 30, 2006.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT

No prior audit findings are required to be reported in the current year.

WEBER SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2005

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Weber School District.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No reportable condition of noncompliance were disclosed during the audit.
4. There were no reportable conditions disclosed during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Weber School District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Weber School District reported in the schedule of prior audit findings and questioned costs.
7. The programs tested as major federal programs were as follows:

<u>Name</u>	<u>CFDA No.</u>
-------------	-----------------

Special Education – IDEA part B 84.027

8. The threshold for distinguishing Types A and B programs was \$413,000.
9. Weber School District was determined to be a low risk auditee.

WEBER SCHOOL DISTRICT
Schedule of Findings and Questioned Costs, Continued
Year Ended June 30, 2005

FINDINGS - FINANCIAL STATEMENT AUDIT

There were no current year findings

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT:

There were no current year findings.

Schmitt, Griffiths, Smith & Co., P.C.

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Independent Auditors' Report State of Utah Legal Compliance

Honorable Board of Education Weber School District

We have audited the basic financial statements of Weber School District for the year ended June 30, 2005 and have issued our report thereon dated December 28, 2005. As part of our audit, we have audited Weber School District's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; special tests and provisions applicable to each of its major state assistance programs as required by the State of Utah's Legal Compliance Audit Guide for the year ended June 30, 2005. The District received the following major state assistance programs from the State of Utah:

Minimum School Program
Drivers Education

Our audit also included test work on the District's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt
Cash Administration
Purchasing Requirements
Budgetary Compliance
Truth in Taxation and Property Tax Limitations
Other General Compliance Issues

The administration of Weber School District is responsible for the District's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether a material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed two instances of noncompliance with the requirements referred to above, which are described in the accompanying State Compliance Schedule of Findings.



In our opinion, Weber School District, complied, in all material respects, with the exception of those items referred to in the schedule of findings, with the general compliance requirements identified above and the requirements governing types of service allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2005.

Schmidt, Higgins, Smith & P.C.

December 28, 2005

WEBER SCHOOL DISTRICT
State Compliance Schedule of Prior Audit Findings
June 30, 2005

04-1 Cash Management

Condition: The State of Utah requires that all funds received by the District be deposit in an established bank account within 3 business days of receipt. Our audit procedures disclosed that the District was not in compliance with this requirement at all times.

Recommendation: We recommend that the District review policies and procedures in order to comply with requirements of Utah State law.

Status: There were instances when the deposit was not made in a timely manner during the current year.

Administration response: Early in the year, we experienced periods of time where our technical systems were not operating (they were shut down for needed upgrades, maintenance, and platform adjustments). During this time we were unable to record cash receipts in our accounting system. Deposits were temporarily delayed. The situation has long since been corrected.

04-2 Public Treasurers Fidelity Bond

Condition: The State of Utah requires that the District maintain a fidelity bond for its public treasurer based on a set calculation. In the current year, the District did not meet the required coverage level.

Recommendation: We recommend that the District review the required coverage calculation annually in order to assure compliance with State law.

Status: Condition continues in the current year.

Administration response: We will review the required coverage calculation on an annual basis and we will be compliant with State law.

WEBER SCHOOL DISTRICT
State Compliance Schedule of Prior Audit Findings, Continued
June 30, 2005

04-3 Budgetary Compliance

Condition: The State of Utah, as well as the internal control policies and procedures of the District, require that the administration and employees of the District shall not incur expenditures or encumbrances in excess of the total amounts appropriated in the final adopted budget. The District has not complied with this requirement in the following funds: General, School lunch and Recreation

Recommendation: We recommend that the status of the budget be adequately reviewed prior to the adoption of the final budget, so as to allow time for a public hearing to amend the budget, if necessary.

Status: Recommendation implemented

WEBER SCHOOL DISTRICT
State Compliance Schedule of Audit Findings
June 30, 2005

05-1 Drivers Education

Condition: The State of Utah requires that the District report the number of students that have completed the drivers education program in the S-3 membership report. Our audit procedures disclosed that the District under reported the number of students who had completed the program.

Recommendation: We recommend that the District review policies and procedures in order to comply with requirements of Utah State law and that the numbers reported in the S-3 membership report be compared with the final year end driver's education statistics report.

Administration response: We will review the final year end driver's education statistics report and supporting documentation and report accurately in the S-3 membership report.

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES RELATED TO THE ANNUAL STATISTICAL (S-3) REPORT

To the Board of Education of Weber School District

We have performed the procedures established by the Utah State Office of Education, as documented in the *State of Utah Legal Compliance Audit Guide, Appendix C-5*, and enumerated below, which were agreed to by you, solely to assist you in evaluating the Student Membership Summary (Part 1) of the Annual Statistical Report (Utah State Office of Education, Form S-3) of the Weber School District, for the fiscal year ended June 30, 2005. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are summarized as follows:

1. We selected a sample of 10 students who had been absent from school ten or more consecutive days during the school year.
2. We also selected a sample of 40 students' representative of the District population of students.
3. For each of the sampled students in 1. and 2. above, we reviewed the student's records and determined whether the aggregate days of membership for the student had been calculated in accordance with the State Office of Education's rules for pupil accounting R277-419. We noted no exceptions.
4. We verified the mathematical accuracy of the school's aggregate days of membership totals and compared the school's totals to the District's summary records and found them to be in agreement.
5. We verified the mathematical accuracy of the District's aggregate days of membership totals and compared the District's totals to the membership totals reported on the Student Membership Summary of the Annual Statistical Report (Utah State Office of Education, Form S-3).



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6. The membership totals, based on the procedures we performed, are reported in the accompanying Student Membership (S-3) Summary Report.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on the Student Membership Summary (Part 1) of the Annual Statistical Report (Utah State Office of Education, Form S-3) or the accompanying Student Membership (S-3) Summary Report. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the Board of Education or management of the District and those specifically required by the filing and distribution requirements of the Utah State Office of Education and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Schmitt, Higgins, Swier: L.L.P.C.

August 15, 2005

**Weber School District
Student Membership (S-3) Summary Report
Year Ended June 30, 2005**

GRADE	AGGREGATE DAYS MEMBERSHIP
Kindergarten	389,178
First Grade	390,183
Second Grade	377,907
Third Grade	371,924
Fourth Grade	378,393
Fifth Grade	370,838
Sixth Grade	370,821
Seventh Grade	402,283
Eighth Grade	384,404
Ninth Grade	390,623
Tenth Grade	378,832
Eleventh Grade	369,011
Twelfth Grade	343,890
Subtotal K-12	4,918,287
Special Education, Self Contained	160,061
Total Aggregate Days Membership	5,078,348

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES REGARDING COMPLIANCE WITH PUPIL ACCOUNTING RULES FOR FALL ENROLLMENT COUNT AND TRANSFER STUDENT DOCUMENTATION

Board of Education Weber School District

We have performed the procedures established by the Utah State Office of Education, as documented in the *State of Utah Legal Compliance Audit Guide, Appendix C-5*, and enumerated below, which were agreed to by you, solely to assist you in evaluating Weber School District's compliance with the Utah State Office of Education's rules for pupil accounting for fall enrollment count and transfer student documentation for the year ended June 30, 2005. Management is responsible for the District's compliance with those requirements. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures that we performed and our findings are summarized as follows:

Fall Enrollment Count

1. We visited 34 classes in ten schools in the District on the first school day of October 2005. Our sample is reported in the attached schedule.
2. We counted the students in each class and compared our counts to the class rolls for that day and verified that students who were not present for the count were appropriately enrolled in the class. See attached schedule for any exceptions.
3. We also compared individual class rolls in the sample to the school's summary records for the classes that day. See attached schedule for any exceptions.
4. Finally, we verified the mathematical accuracy of the total enrollment for each school in the sample that day and compared the verified totals to the enrollment total for the same schools in the Fall Clearinghouse Report. See attached schedule for any exceptions.



Transfers

1. From the Transfer Student List, we selected a sample of 30 students who were enrolled in grades 7 through 12, but not enrolled on the last day of the school year, and not classified by the District as either high school completers or dropouts.
2. For the sample of students, we determined whether adequate documentation exists to support the District's claim that the student was not a dropout. See attached schedule for any exceptions.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the Board of Education, management of the District, and those specifically required by the filing and distribution requirements of the Utah State Office of Education and is not intended to be and should not be used by anyone other than those specified parties. However, this report is a matter of public record and its distribution is not limited.

Seamitt, Higgins, Smith & Co., P.C.

October 27, 2005

TOTAL

WEBER SCHOOL DISTRICT

Transfer Student

As of October 3, 2005

FISCAL YEAR: June 30, 2005

AGENCY: Weber School District

POPULATION: 1885

FIRM: SCHMITT, GRIFFITHS, SMITH & CO., P.C.

CPA: TRACY PROBERT

DATE: October 27, 2005

SAMPLE MEMBER				6.2 Reported Year End Exit Code	6.4 Documentation Adequate
3-Digit School Number Assigned by USOE	School Name	Statewide Student ID (SSID)	Local Student ID		
402	North Ogden Jr. High	A	900055293	TD	NE
402	North Ogden Jr. High	A	900062259	TS	NE
402	North Ogden Jr. High	A	900061932	TD	NE
402	North Ogden Jr. High	A	900047001	TP	NE
402	North Ogden Jr. High	A	900024761	TS	NE
405	Orion Jr. High	A	900049714	TO	Y
405	Orion Jr. High	A	900053182	TD	Y
405	Orion Jr. High	A	900007471	TD	Y
405	Orion Jr. High	A	900017251	TS	Y
405	Orion Jr. High	A	900012065	TS	NE
412	Snowcrest Jr. High	A	900061616	TS	Y
412	Snowcrest Jr. High	A	900017478	TS	Y
412	Snowcrest Jr. High	A	900046621	TP	Y
412	Snowcrest Jr. High	A	900015450	TP	Y
412	Snowcrest Jr. High	A	900045999	TS	Y
704	Weber High	A	900068535	TD	Y
704	Weber High	A	900017216	WD	NE
704	Weber High	A	900012171	TP	Y
704	Weber High	A	900045112	TD	Y
704	Weber High	A	900022764	TP	Y
704	Weber High	A	900032444	TO	NE
704	Weber High	A	900060824	TS	NE
704	Weber High	A	900004390	WD	NE
704	Weber High	A	900017707	TS	Y
704	Weber High	A	900032696	WD	NE
704	Weber High	A	900030135	WD	Y
704	Weber High	A	900034574	DE	Y
704	Weber High	A	900015354	TS	NE
704	Weber High	A	900041960	TD	Y
704	Weber High	A	900051013	TD	Y

A SSID will not be available until Year End 2006
Y Documentation is adequate
NE Documentation does not exist
NI Documentation exists, but is not adequate

Schmitt, Griffiths, Smith & Co., P.C.

Harlan P. Schmitt, MBA, CPA
Sherman H. Smith, MBA, CFP, CPA
Brent H. Griffiths, MBA, CPA
Mark C. Furnas, CPA
Stuart L. Tholen, CPA
Dan C. Milne, MIM, CMA, CPA

Board of Directors
Weber School District

Honorable Board Members:

During our fall enrollment audit, we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions concerning this matter. This letter will not affect our audit report for the year ended June 30, 2005 on the basic financial statements on the District.

CURRENT YEAR FINDINGS

05-1 Transfer Student Documentation

Procedures

In compliance with the State audit guide of Transfer Student Documentation, we performed tests that verified whether adequate documentation existed to support the District's claim that the student was not a transfer student and not a dropout.

Finding

There were 12 out of 30 students classified as transfer students that either, did not have adequate documentation, or documentation did not exist.

Recommendation

We recommend that the District adequately document all transfer students.

Administration Response

We will adopt procedures that will ensure the proper documentation of transfer students.

Schmitt, Griffiths, Smith & Co., P.C.
October 27, 2005



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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE UTAH REPORT OF ADULT EDUCATION DATA

To The Board of Education of Weber School District

We have performed the procedures enumerated below, which were agreed to by the Utah State Office of Education, and the Weber School District, solely to assist you in evaluating the accompanying Utah Report of Adult Education Data (URAED), for the school year ended June 30, 2005, of the Weber School District. The Weber School District is responsible for compliance with the URAED. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures that we performed and our findings are summarized as follows:

1. For enrollee information: Number of sample items: 20 Enrollees

For each enrollee selected, we matched the student's name, student's gender, student's ethnicity, name of school, name of class, category of class (ABE, AHSC, or ESOL) name of instructor, entry and exit dates, attendance record, contact hours for each class, units of credit awarded, student's level code, and student's demographic code to the student's enrollment application.

We found no exceptions as a result of the procedure.

2. For participation (contact hours): Number of sample items: 20 Enrollees

For each enrollee selected, we obtained the student's attendance record, recalculated the number of contact hours for the enrollee and agreed the hours to the student accounting system.

We matched the total contact hours on the student accounting system to the URAED.

We found no exceptions as a result of the procedures.



3. For diplomas:

Number of sample items: 5 Enrollees

For each selected enrollee, we verified that the diploma was properly awarded by the appropriate reporting on the student's transcripts.

We matched the total number of diplomas on the student accounting system to the URAED report.

We found no exceptions as a result of the procedures.

4. For GEDs:

Number of sample items: 2 Enrollees

For each selected enrollee, we verified that the GED was properly awarded by the appropriate reporting on the student's transcripts.

We matched the total number of GEDs on the student accounting system to the URAED report.

We found no exceptions as a result of the procedures.

5. For Level Gains:

**Number of sample items: 5 Level Gains
9 Enrollees**

For each selected enrollee, we verified that the level gain was properly awarded by verifying the acquisition of the level gain as noted on the student accounting system.

We found no exceptions as a result of the procedure.

We matched the total number of level gains on the student accounting system to the URAED report.

FINDING: One exception was noted in the Level Gains testing. On the Level Gains detail, the AHSC-1 was overstated by 1 from the URAED report.

6. For Credits Earned:

**Number of sample items: 6.25 Credits
20 Enrollees**

For each selected enrollee, we verified that the credit hour was properly awarded by the reporting on the student's transcripts.

We matched the number of credit hours on the student accounting system to the URAED report.

We found no exceptions as a result of the procedures.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on compliance with the accompanying Utah Report of Adult Education Data of the Weber School District. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Utah State Office of Education and management of the District and those specifically required by the filing and distribution requirements of the Utah State Office of Education and is not intended to be and should not be used by anyone other than these specified parties.

Samita, Higgins, Smith: C... P.C.

November 9, 2005

**Weber County School District
Adult Education Summary Report
For the Year Ended June 30, 2005**

1	Total Number of Enrollees	<u>700</u>
	Ages 16-17	<u>3</u>
2	Participation (Contact Hours)	<u>41,385</u>
	Ages 16-17	<u>250</u>
3	Total Number of Diplomas	<u>85</u>
4	Total Number of GED's	<u>105</u>
5	Level Gains Completed	<u>210</u>
6	Total Credits Earned	<u>916.00</u>